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2007 DRAFTING REQUEST

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Received: 10/30/2007

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2007 DRAFTING REQUEST

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Received: 10/30/2007 Received By: chanaman Identical to LRB: Wanted: As time permits For: Terry Moulton (608) 266-9172 By/Representing: Matt Seaholm This file may be shown to any legislator: NO Drafter: chanaman May Contact: Addl. Drafters: **State Govt - procurement** Subject: Extra Copies: Submit via email: YES Rep.Moulton@legis.wisconsin.gov Requester's email: Carbon copy (CC:) to: Pre Topic: No specific pre topic given Topic: Small business preferences **Instructions:** See Attached **Drafting History: Drafted Submitted** Required Vers. Reviewed **Typed** Proofed <u>Jacketed</u> /? chanaman

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TARGETED BUSINESS ENTERPRISE ACT OR SMALL BUSINESS FAIRNESS IN CONTRACTING ACT PROPOSAL

AN ACT relating to the development of small businesses; declaring the legislative intent to encourage state purchases from small businesses; requiring the Department of Administration to assist small, minority, women and veteran-owned businesses and to otherwise coordinate activities relating thereto; providing that a meaningful percentage of state purchases and contracts be procured from small businesses; authorizing appointment of an advisory council; providing an effective date.

It shall be the policy of the State that, whenever practical, a meaningful percentage of each department's or agency's total annual purchases of articles, equipments, commodities, supplies, materials, services or contracts be procured or otherwise awarded to small, minority, women and veteran-owned businesses.

This meaningful percentage shall not be less than 25 percent of the annual value of anticipated total state procurement of articles, materials, commodities, supplies, services, or contracts unless that department or agency files with the Division of Enterprise Operations a statement explaining the reasons why that agency cannot meet the requirements of this policy. If the Division of Enterprise Operations is satisfied that the department's or agency's reasons for its inability to comply with the requirements of this Act are supported by substantial evidence, it may issue a waiver for that department or agency to the extent it cannot comply. However, such waiver shall be granted for a period not to exceed one (1) year; provided, however, that such waiver may be renewed upon application by the department or agency, review and approval by the Division.

The only reasons that shall justify a department or agency being granted a waiver from the provisions of this Section are:

- Impossibility or unreasonable difficulty in procuring such articles, commodities, supplies, materials, services or contracts from small business enterprises.
- 2. Substantial differences in the price for the procurement of such articles, supplies, materials, services or contracts from such small business enterprises as compared to the price for such items if procured from vendors that do not meet the definition of small business.
- 3. Substantial differences in the quality of such articles, supplies, materials, services or contracts available from small business enterprises as compared to the quality of such items if procured from vendors that do not qualify as small business for purposes of this chapter.

Notwithstanding the provisions of this Section and the previous Section regarding substantial differences in the price of articles, supplies, commodities, materials, services or contracts, a business designated by the Department as a small business enterprise shall be allowed to enjoy such price differential of up to ten percent (10%) for a period not to exceed three (3) years from the date such business is designated as a small business enterprise.

There is created a Targeted Business Enterprise program that requires a 25% set aside of the total value of the annual procurement for small business, and of that amount 5% must be awarded to minority-owned small businesses, 5% must be awarded to women-owned small businesses, and 5% must be awarded to veteran-owned small businesses.

This Act shall be liberally constructed to carry out its purposes and objectives of assisting small businesses to successfully enter and remain in the economic mainstream and to otherwise achieve the statement of legislative policy contained herein.

Create a statutory council on small³, minority², women⁴ and veteran⁴-owned business opportunities.

Membership. Seven small business owners (fewer than 25 full-time employees or \$5 million or less in gross sales):

- Two small business owners
- Two minority small business owners
- Two women small business owners
- One veteran small business owner

Appointed by the Governor, confirmed by the Senate Three-year Term Chair elected by members of the council

Duties/Responsibilities:

- 1. Review the extent of small, minority, women and veteran-owned business participation in purchasing by this state and its agencies.
- 2. Advise the department with respect to methods of increasing such participation.
- 3. Advise the department with respect to methods of simplifying or easing compliance with the forms and procedures used or to be used for obtaining contracts with the state for providing materials, supplies, equipment and contractual services.
- 4. Advise the department concerning methods of improved compliance with targeted goals and set-aside requirements as defined by this Act.

5. Annually, submit a report containing any recommendations regarding the matters described in <u>subs. (1)</u> to <u>(4)</u> to the governor and the chief clerk of each house of the legislature, for distribution to the legislature under <u>s. 13.172</u> (2).

Members of the council shall serve without compensation, but may be reimbursed for travel and other necessary expenses.

The annual report shall include:

- Evaluation of compliance with targeted goals and set-side requirements
- Evaluation of vendor payment system as it relates to the Prompt Payment Act and subcontracts
- Evaluation of the impact of VendorNet on competitive bidding of state contracts.
- Recommendations related to simplified bidding procedure and strategies to increase
 the participation of small, minority, women and veteran-owned businesses in selling
 products and services to state agencies.

Amend 16.75 (4) (a): The department shall encourage the participation of small, minority, women and veteran-owned businesses in the statewide purchasing program by ensuring there are no undue impediments to such participation and by actively encouraging small, minority, women and veteran-owned businesses to play an active role in the solicitation of purchasing business by agencies. To that end the department shall:

- 1. Maintain comprehensive lists of small, minority, women and veteran-owned businesses located in this state which have indicated a willingness to provide materials, supplies, equipment or contractual services to the state.
- 2. Develop ways of simplifying specifications and terms so that they will not impose administrative burdens on small, minority, women and veteran-owned businesses located in this state which submit bids or proposals to the state.
- 3. Assist small, minority, women and veteran-owned businesses located in this state in complying with the state's competitive bidding and competitive proposal procedures.
- 4. Notify businesses on the lists maintained under subd. 1. of agency purchasing requests for which the businesses may wish to submit a bid or proposal.
- 5. By October 1 of each year, submit a report to the council on small, minority, women and veteran-owned business opportunities which evaluates the performance of small businesses located in this state in submitting bids or proposals to the state and makes recommendations for increased involvement of such businesses in submitting competitive bids and proposals under this section.

- (b) The department shall seek the cooperation and assistance of the Department of Commerce in the performance of its duties under par. (a).
- (c) In this section and s. 16.755, small business is defined as a business with 25 or fewer full-time employees or annual gross sales of less than \$5 million.

A veteran-owned small business is defined as one certified by the Department of Commerce as being at least 51% owned by one or more veterans, as defined in s. 45.01 (12).

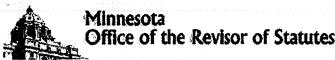
A women-owned small business is defined as one certified by the Department of Commerce as being at least 51% owned, controlled and actively managed by a woman.

A minority-owned small business is defined as one certified by the Department of Commerce, Bureau of Minority Business Development, and is at least 51% owned, controlled and actively managed by a minority owner, and is currently performing a useful business function.

The Department of Commerce shall create an online search engine that will assist state agencies with carrying out the provisions in this chapter. The search engine shall include a listing of small businesses with the following minimum criteria: location; current certifications; product/service available; small business credentials.

12004

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Minnesota Statutes Table of Chapters Chapter 16C Table of Contents

16C.16, Minnesota Statutes 2006

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16C.16 DESIGNATION OF PROCUREMENTS FROM SMALL BUSINESSES.

Subdivision 1. Small business procurements. (a) The commissioner shall for each fiscal year ensure that small businesses receive at least 25 percent of the value of anticipated total state procurement of goods and services, including printing and construction. The commissioner shall divide the procurements so designated into contract award units of economically feasible production runs in order to facilitate offers or bids from small businesses.

- (b) The commissioner must solicit and encourage Minnesota small businesses to submit responses or bids when the commissioner is entering into master contracts. If cost-effective, when entering into a master contract, the commissioner must attempt to negotiate contract terms that allow agencies the option of purchasing from small businesses, particularly small businesses that are geographically proximate to the entity making the purchase.
- (c) In making the annual designation of such procurements the commissioner shall attempt
- (1) to vary the included procurements so that a variety of goods and services produced by different small businesses are obtained each year, and (2) to designate small business procurements in a manner that will encourage proportional distribution of such awards among the geographical regions of the state. To promote the geographical distribution of awards, the commissioner may designate a portion of the small business procurement for award to bidders from a specified congressional district or other geographical region specified by the commissioner. The failure of the commissioner to designate particular procurements shall not be deemed to prohibit or discourage small businesses from seeking the procurement award through the normal process.
- Subd. 2. **Small business.** The commissioner shall adopt rules defining "small business" for purposes of sections 16C.16 to 16C.21, 137.31, 137.35, 161.321, and 473.142. The definition must include only businesses with their principal place of business in Minnesota. The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the size of the market for goods or services and the relative size and market share of the competitors operating in those markets.
- Subd. 3. **Professional or technical procurements.** Every state agency must for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for professional or technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but must otherwise comply with section 16C.08.
- Subd. 4. **Targeted group purchasing.** The commissioner shall establish a program for purchasing goods and services from targeted group businesses, as designated in subdivision 5. The purpose of the program is to remedy the effects of past discrimination against members of targeted groups. In furtherance of this purpose, the commissioner shall attempt to ensure that purchases from targeted group businesses reflect a fair and equitable representation of all the state's purchasing.
 - Subd. 5. Designation of targeted groups. (a) The commissioner of administration shall

periodically designate businesses that are majority owned and operated by women, persons with a substantial physical disability, or specific minorities as targeted group businesses within purchasing categories as determined by the commissioner. A group may be targeted within a purchasing category if the commissioner determines there is a statistical disparity between the percentage of purchasing from businesses owned by group members and the representation of businesses owned by group members among all businesses in the state in the purchasing category. (b) In addition to designations under paragraph (a), an individual business may be included as a targeted group business if the commissioner determines that inclusion is necessary to remedy discrimination against the owner based on race, gender, or disability in attempting to operate a

- business that would provide goods or services to public agencies.

 (c) The designations of purchasing categories and businesses under paragraphs (a) and (b) are not rules for purposes of chapter 14, and are not subject to rulemaking procedures of that chapter.
- Subd. 6. Purchasing methods. (a) The commissioner may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses.
- (b) The commissioner may designate a purchase of goods or services for award only to small businesses or small targeted group businesses if the commissioner determines that at least three small businesses or small targeted group businesses are likely to bid.
- (c) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small businesses or small targeted group businesses. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses or small targeted group businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of small business or small targeted group business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small businesses or small targeted group businesses.
- Subd. 7. Economically disadvantaged areas. (a) Except as otherwise provided in paragraph (b), the commissioner may award up to a six percent preference in the amount bid on state procurement to small businesses located in an economically disadvantaged area.
- (b) The commissioner may award up to a four percent preference in the amount bid on state construction to small businesses located in an economically disadvantaged area.
- (c) A business is located in an economically disadvantaged area if:
- (1) the owner resides in or the business is located in a county in which the median income for married couples is less than 70 percent of the state median income for married couples;
- (2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or
- (3) the business is a certified rehabilitation facility or extended employment provider as described in chapter 268A.
- (d) The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as enterprise zones under section 469.167 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.
- (e) The Department of Revenue shall gather data necessary to make the determinations required by paragraph (c), clause (1), and shall annually certify counties that qualify under paragraph (c), clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the

United States Department of Labor.

- Subd. 8. Surety bonds. Surety bonds guaranteed by the federal Small Business Administration and second party bonds are acceptable security for a construction award under this section. "Second party bond" means a bond that designates as principal, guarantor, or both, a person or persons in addition to the person to whom the contract is proposed for award.
- Subd. 9. **Determination of ability to perform.** Before making an award under the preference programs established in subdivisions 4 to 7, the commissioner shall evaluate whether the small business or small targeted group business scheduled to receive the award is able to perform the contract. This determination shall include consideration of production and financial capacity and technical competence.
- Subd. 10. Limits. At least 75 percent of the value of the subcontracts awarded to small businesses or small targeted group businesses under subdivision 6, paragraph (c), must be performed by the business to which the subcontract is awarded or by another small business or small targeted group business.
- Subd. 11. **Procurement procedures.** All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply equally to procurements designated for small businesses or small targeted group businesses. In the event of conflict with other rules, section 16C.15 and rules adopted under it govern, if section 16C.15 applies. If it does not apply, sections 16C.16 to 16C.21 and rules adopted under those sections govern.
- Subd. 12. Applicability. This section does not apply to construction contracts or contracts for professional or technical services under section 16C.08 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations. History: 1998 c 386 art 1 s 17; 1999 c 232 s 1; 1Sp2003 c 8 art 1 s 11; 2005 c 156 art 2 s 25

Please direct all comments concerning issues or legislation to your <u>House Member</u> or <u>State Senator</u>.

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General questions or comments.



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137.31, Minnesota Statutes 2006

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137.31 PROCUREMENT FROM SMALL BUSINESSES.

Subdivision 1. Small business set asides. Prior to the beginning of each fiscal year, the regents of the University of Minnesota shall designate and set aside for awarding to small businesses approximately 20 percent of the value of procurement contracts which are to be awarded during that fiscal year and which are to be paid in total or in part from funds appropriated to the university by the legislature. The regents shall designate specific procurement contracts to be set aside, or may authorize the university administration to divide the amount set aside into procurement contracts of economically feasible size, in order to facilitate offers or bids from small businesses. In making the annual designation, the regents shall attempt to vary the procurement contracts included in the set-aside program so that a variety of goods and services produced by different small businesses can be included in the university set-aside program over a period of years. For the purposes of this section, (a) "procurement contract" means any agreement, written or oral, by which the university obtains needed goods or services, including the construction of capital improvements; and (b) "small business" has the meaning given that term by state law. Nothing in this section shall be construed to prevent small businesses from seeking awards of procurement contracts not included in the set-aside program.

Subd. 2. **Procurement rules.** The regents shall establish procurement rules to govern the university set aside program. The rules shall include guidelines and procedures for negotiating price or securing bids, reasonable limitations on the amount by which a contract price under the set-aside program may exceed the estimated cost of obtaining comparable goods or services on the open market, uniform procedures for providing security for performance under procurement contracts, criteria for evaluating the financial and technical capabilities of participating small businesses, and any other matter deemed necessary or desirable for the proper operation of the university small business set-aside program.

Subd. 3.[Repealed, 1989 c 352 s 25]

Subd. 3a.[Repealed, 1990 c 541 s 31]

- Subd. 4. Replacement contracts. If a procurement contract designated for the set-aside program cannot be awarded to a small business under the conditions prescribed in subdivisions 1 and 2, the award shall be placed in accordance with the regular procurement policies of the university. In this event, the university shall designate as a replacement a procurement contract of comparable value to be included in the university set-aside program during that fiscal year if practicable.
- Subd. 5. **Publicity.** The regents and the administration of the University of Minnesota shall publicize the provisions of the university small business set-aside program, attempt to locate small businesses able to perform set aside procurement contracts, and encourage participation by small businesses in the University of Minnesota small business set-aside program.

Subd. 6.[Repealed, 1995 c 212 art 2 s 22]

History: 1979 c 86 s 1; 1981 c 356 s 169; 1983 c 289 s 115 subd 1; 1987 c 312 art 1 s 26 subd 2; 1987 c 401 s 30; 1989 c 352 s 11-13; 1990 c 541 s 14; 1993 c 163 art 1 s 23

Please direct all comments concerning issues or legislation to your <u>House Member</u> or <u>State Senator</u>.

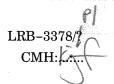
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General questions or comments.



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State of Misconsin 2007 - 2008 LEGISLATURE



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

AN ACT ...; relating to: awarding procurements to woman-owned businesses, veteran-owned businesses, minority businesses, and small businesses.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.48 (29) of the statutes is amended to read:

13.48 (29) SMALL PROJECTS. Except as otherwise required under s. 16.855 (10L)

or (10m), the building commission may prescribe simplified policies and procedures to be used in lieu of the procedures provided in s. 16.855 for any project that does not require prior approval of the building commission under sub. (10) (a).

SECTION 2. 15.107 (2) of the statutes is amended to read:

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15.107 (2) COUNCIL ON SMALL BUSINESS, VETERAN-OWNED BUSINESS, WOMAN-OWNED BUSINESS, AND MINORITY BUSINESS OPPORTUNITIES. There is created in the department administration a council on small business, veteran-owned business, woman-owned business, and minority business opportunities consisting of 13 7 members, appointed by the secretary of administration governor with confirmation by the senate, for 3-year terms, with representation as follows: at least 2 shall be owners or employees of small businesses at least 51% owned by one or more members of a racial minority group; at least one shall be an owner or employee of a small business at least 51% owned by one or more handicapped persons; at least one shall be an owner or employee of a small business operated on a nonprofit basis for the rehabilitation of disabled persons; at least 2, as defined in s. 16.75 (3m) (a) 3; one shall be owners or employees an owner of a veteran-owned businesses business, as defined in s. 16.75 (4) (d); at least one shall be a representative of the department of commerce; and at least one shall be a consumer member (3m) (a) 3.; 2 shall be owners of woman-owned businesses, as defined in s. 16.75 (3m) (a) 4.; and 2 shall be owners of minority businesses, as defined in s. 16.75 (3m) (a) 1m. The chair shall be elected by members. No member may serve for more than 2 consecutive full terms. The secretary of administration, or a department employee who is the secretary's designee, shall serve as the council's nonvoting secretary.

History: 1971 c. 215; 1973 c. 90; 1977 c. 29, 419; 1979 c. 34; 1979 c. 361 s. 112; 1981 c. 20, 62, 237; 1983 a. 27, 393, 410; 1985 a. 29, 84; 1987 a. 27, 142; 1989 a. 31; 1991 a. 32 s. 17; 1991 a. 39, 170, 269; 1995 a. 27, ss. 119, 120 and 9116 (5); 1995 a. 227, 433, 442; 1997 a. 27, 35, 231; 1999 a. 9; 2001 a. 16, 38; 2003 a. 33; 2005 a. 228, 253, 421.

SECTION 3. 16.701 (1) of the statutes is amended to read:

16.701 (1) The department may provide a subscription service containing current information of interest to prospective vendors concerning state procurement opportunities. If the department provides the service, the department shall assist small businesses, as defined in s. 16.75 (4) (e), that have had less than \$1.5 million

in gross annual sales in the most recent calendar or fiscal year who are prospective 1 vendors in accessing and using the service by providing facilities or services to the 2 businesses. The department may charge a fee for any such service. The department 3 4 shall prescribe the amount of any fee by rule. ****Note: I changed this due to the definition change to "small business" in s. 16.75 (3m) (a) 2. Is that okay, or do you want the new definition, which will likely have more businesses qualify, to apply here? History: 1995 a. 27, 351; 2001 a. 16. **SECTION 4.** 16.75 (3m) (a) of the statutes is renumbered 16.75 (3m) (a) (intro.) 5 6 and amended to read: 16.75 (3m) (a) (intro.) In this subsection, "minority: 7 1m. "Minority business" means a business certified by the department of 8 commerce under s. 560.036 (2). 9 History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 497; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c). 10 **Section 5.** 16.75 (3m) (a) 1. of the statutes is created to read: 16.75 (3m) (a) 1. "Designated business" means a minority business, small 11 12 business, woman-owned business, or veteran-owned business. **SECTION 6.** 16.75 (3m) (a) 4. of the statutes is created to read: 13 14 16.75 (3m) (a) 4. "Woman-owned business" means a business certified by the department of commerce under s. 560.035. 15 **SECTION 7.** 16.75 (3m) (b) of the statutes is renumbered 16.75 (3m) (b) 1. and 16 17 amended to read: 16.75 (3m) (b) 1. The department and any agency making purchases under s. 18 16.74 shall attempt to ensure that 5\% 25 percent of the total amount expended under 19 this subchapter in each fiscal year is paid to minority designated businesses. Except 20 as provided under subd. 3. and sub. (7), the department or agency may purchase 21 22 materials, supplies, equipment and contractual services from any minority

SECTION 7

designated business submitting a qualified responsible competitive bid that is no more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% higher than the most advantageous offer proposal. In administering the preference for minority designated businesses established in this paragraph, the department and any agency making purchases under s. 16.74 shall maximize the use of minority designated businesses which are incorporated under ch. 180 or which have their principal place of business in this state.

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g. 3r to 4b, 6: 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c)

SECTION 8. 16.75 (3m) (b) 2. and 3. of the statutes are created to read:

16.75 (3m) (b) 2. Of the total amount to be paid to designated businesses under subd. 1., at least one-fifth shall be to minority businesses, at least one-fifth shall be to woman-owned businesses, and at least one-fifth shall be to veteran-owned businesses.

****NOTE: Please review this distribution. The instructions seemed to indicate that at least 5 percent of the 25 percent should go to each type, but that is a significantly smaller amount than under current law (.0125 percent of the total amount expended in the fiscal year as compared to the current law requirement of 5 percent of the total amount for minority businesses for example). Did you intend such a reduction?

3. The department and any agency making purchases under s. 16.74 may purchase materials, supplies, equipment, and contractual services from any designated business submitting a qualified responsible competitive bid that is no more than 10 percent higher than the apparent low bid or competitive proposal that is no more than 10 percent higher than the most advantageous proposal if not more than 3 years have passed since the designated business was certified, if the designated business is a woman-owned or veteran-owned business, or since the designated business qualified as a minority business or small business.

SECTION 9. 16.75 (3m) (c) 1., 2. and 3. of the statutes are amended to read:

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- 16.75 (3m) (c) 1. After completing any contract under this subchapter, the contractor shall report to the agency that awarded the contract any amount of the contract that was subcontracted to minority businesses, any amount of the contract that was subcontracted to woman-owned businesses, any amount of the contract that was subcontracted to veteran-owned businesses, and any amount of the contract that was subcontracted to small businesses.
- 2. Each agency shall report to the department at least semiannually, or more often if required by the department, the total amount of money it has expended for contracts and orders awarded to minority businesses and the number of contacts with minority businesses in connection with proposed purchases, the total amount of money it has expended for contracts and orders awarded to woman-owned businesses and the number of contacts with woman-owned businesses in connection with proposed purchases, the total amount of money it has expended for contracts and orders awarded to veteran-owned businesses and the number of contacts with veteran-owned businesses in connection with proposed purchases, and the total amount of money it has expended for contracts and orders awarded to small businesses and the number of contacts with small businesses in connection with proposed purchases.
- The department shall maintain and annually publish data on state purchases from minority businesses, woman-owned businesses, veteran-owned businesses, and small businesses, including amounts expended and the percentage of total expenditures awarded to minority businesses each type of business.

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c). 23

SECTION 10. 16.75 (3m) (c) 4. of the statutes is renumbered 16.75 (3m) (c) 4.

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SECTION 10

16.75 (3m) (c) 4. (intro.) The department shall annually prepare and submit
a report to the governor and to the chief clerk of each house of the legislature, for
distribution to the appropriate standing committees under s. $13.172(3)$, on <u>all of</u> the
following:
a. With regard to minority businesses, the total amount of money paid to and
of indebtedness or other obligations underwritten by minority businesses, minority
financial advisers and minority investment firms under the requirements of this
subsection and ss. 16.855 (10m), 16.87 (2), 25.185, 84.075 and 565.25 (2) (a) 3. and

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 127, 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c).

on this state's progress toward achieving compliance with par. (b) and ss. 16.855

SECTION 11. 16.75 (3m) (c) 4. b. of the statutes is created to read:

(10m) (a) and (10n), 16.87 (2), 25.185 and 84.075 (1).

16.75 (3m) (c) 4. b. With regard to small businesses, women-owned businesses, and veteran-owned businesses, this state's progress toward achieving compliance with par. (b) and s. 16.855 (10L) (a).

SECTION 12. 16.75 (3m) (c) 5. of the statutes is renumbered 16.75 (3m) (c) 5. a. and amended to read:

16.75 (3m) (c) 5. a. In determining whether a purchase, contract, or subcontract complies with the goal established under par. (b) or s. 16.855 (10m), 16.87 (2), or 25.185, the department shall include only amounts paid to minority businesses, minority financial advisers, and minority investment firms certified by the department of commerce under s. 560.036 (2).

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c).

SECTION 13. 16.75 (3m) (c) 5. b. of the statutes is created to read:

1	16.75 (3m) (c) 5. b. In determining whether a purchase, contract, or subcontract
2	complies with the goal established under par. (b) or s. 16.855 (10L), the department
3	may include only amounts paid to women-owned businesses, veteran-owned
4	businesses, and small businesses.
5	SECTION 14. 16.75 (4) (a) of the statutes is renumbered 16.75 (3m) (d) and 16.75
6	(3m) (d) (intro.), 1., 2., 3. and 5., as renumbered, are amended to read:
7	16.75 (3m) (d) (intro.) The department shall encourage the participation of

16.75 (3m) (d) (intro.) The department shall encourage the participation of minority businesses, woman-owned businesses, small businesses, and veteran-owned businesses in the statewide purchasing program by ensuring that there are no undue impediments to such participation and by actively encouraging minority businesses, woman-owned businesses, small businesses, and veteran-owned businesses to play an active role in the solicitation of purchasing business by agencies. To that end the department shall:

- 1. Maintain comprehensive lists of minority businesses, woman-owned businesses, small businesses, and of veteran-owned businesses located in this state which have indicated a willingness to provide materials, supplies, equipment, or contractual services to the state.
- 2. Develop ways of simplifying specifications and terms so that they will not impose unnecessary administrative burdens on minority businesses, woman-owned businesses, small businesses, and veteran-owned businesses located in this state which submit bids or proposals to the state.
- 3. Assist minority businesses, woman-owned businesses, small businesses, and veteran-owned businesses located in this state in complying with the state's competitive bidding and competitive proposal procedures.

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5. By October 1 of each year, submit a report to the council on small business, veteran-owned business, woman-owned businesses, and minority business opportunities which evaluates the performance of small businesses located in this state in submitting bids or proposals to the state and makes recommendations for increased involvement of such businesses in submitting competitive bids and proposals under this section.

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99, 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1): 1985 a. 480; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3, 1999 a. 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13,93 (2) (c).

SECTION 15. 16.75 (4) (b) of the statutes is renumbered 16.75 (3m) (e).

SECTION 16. 16.75 (4) (c) of the statutes is renumbered 16.75 (3m) (a) 2. and amended to read:

16.75 (3m) (a) 2. In this section and s. 16.755, "small "Small business" means a business which has had less than \$1.5 \$5 million in gross annual sales, or had fewer than 25 full-time employees, in the most recent calendar or fiscal year.

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a. 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c).

SECTION 17. 16.75 (4) (d) of the statutes is renumbered 16.75 (3m) (a) 3. and

amended to read:

In this subsection and s. 16.755, "veteran-owned 16.75 **(3m)** (a) 3. "Veteran-owned business" means a small business, as defined in par. (c), that is certified by the department of veterans affairs as being at least 51% owned by one or more veterans, as defined in s. 45.01 (12).

History: 1975 c. 224; 1977 c. 418, 419; 1979 c. 34, 221, 314, 340, 355; 1979 c. 361 s. 112; 1981 c. 121 s. 20; 1983 a. 27 ss. 91, 93 to 99; 1983 a. 333 ss. 3g, 3r to 4b, 6; 1983 a. 368, 390; 1985 a. 29 ss. 122m to 124, 3200 (1); 1985 a. 180; 1987 a. 27, 119, 142, 147, 186, 399, 403; 1989 a. 31, 335, 345, 359; 1991 a. 39, 170; 1993 a. 16, 414; 1995 a. 27 ss. 368 to 382, 9116 (5); 1995 a. 225, 227, 244, 289, 432; 1997 a. 3; 1999 a, 9, 44, 197; 2001 a. 16, 38; 2003 a. 33; 2005 a. 22, 25, 74, 141, 335; s. 13.93 (2) (c).

SECTION 18. 16.755 (intro.), (1) and (4) of the statutes are amended to read:

on small business, veteran-owned business, Council woman-owned business, and minority business opportunities. (intro.) The

	√
1	council on small business, veteran-owned business, woman-owned business, and
2	minority business opportunities shall:
3	(1) Review the extent of small business, veteran-owned business,
4	woman-owned business, and minority business participation, as required under s.
5	16.75 (3m) (d), in purchasing by this state and its agencies.
6	(4) Advise the department concerning methods of improved compliance with
7	any aspect of its duties under s. 16.75 (4) (a) (3m) (d).
8	History: 1977 c. 418 s. 929 (55); 1977 c. 419; 1983 a. 27, 524; 1985 a. 29 s. 3200 (1); 1987 a. 186; 1991 a. 170. SECTION 19. 16.755 (5) of the statutes is renumbered 16.755 (5) (intro.) and
9	amended to read:
10	16.755 (5) (intro.) Annually, submit a report containing any recommendations
11	regarding the matters described in subs. (1) to (4) to the governor and the chief clerk
12	of each house of the legislature, for distribution to the legislature under s. $13.172(2)$ -
13	<u>, a report containing all of the following:</u>
14	History: 1977 c. 418 s. 929 (55); 1977 c. 419; 1983 a. 27, 524; 1985 a. 29 s. 3200 (1); 1987 a. 186; 1991 a. 170. SECTION 20. 16.755 (5) (a), (b) and (c) of the statutes are created to read:
15	16.755 (5) (a) Any recommendations regarding the matters described in subs.
16	(1) to (4).
17	(b) Evaluation of compliance with the requirements of s. 16.75 (3m) (b).
18	(c) Any recommendations related to bidding procedures to meet or exceed the
19	requirements under s. 16.75 (3m) (b).
20	Section 21. 16.855 (1) of the statutes is amended to read:
21	16.855 (1) The department shall let by contract to the lowest qualified
22	responsible bidder all construction work when the estimated construction cost of the
23	project exceeds \$40,000, except for construction work authorized under s. 16.858 and
24	except as provided in sub. $(10L)$ or $(10m)$ or s. 13.48 (19). If a bidder is not a Wisconsin

firm and the department determines that the state, foreign nation or subdivision thereof in which the bidder is domiciled grants a preference to bidders domiciled in that state, nation or subdivision in making governmental purchases, the department shall give a preference over that bidder to Wisconsin firms, if any, when awarding the contract, in the absence of compelling reasons to the contrary. The department may enter into agreements with states, foreign nations and subdivisions thereof for the purpose of implementing this subsection.

History: 1971 c. 125; 1973 c. 47; 1975 c. 39, 199, 390; 1977 c. 418; 1979 c. 34; 1981 c. 20; 1983 a. 27 ss. 104g to 105, 2202 (1); 1983 a. 390 s. 6; 1985 a. 29; 1985 a. 332 s. 251 (1); 1987 a. 27, 292; 1989 a. 31; 1991 a. 39, 316; 1995 a. 27 ss. 400p, 9126 (19); 1995 a. 227; 1997 a. 27, 306; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 103; 2003 a. 33, 157; 2005 a. 141, 391.

SECTION 22. 16.855 (10L) of the statutes is created to read:

16.855 (10L) (a) In awarding a construction contract when the estimated construction cost of the project exceeds \$40,000 but is less than \$100,000, the department shall attempt to ensure all of the following:

- 1. That 5 percent of the total amount expended in each fiscal year is awarded to contractors and subcontractors that are veteran-owned businesses, as defined in s. 16.75 (3m) (a) 2.
- 2. That 5 percent of the total amount expended in each fiscal year is awarded to contractors and subcontractors that are woman-owned businesses, as defined in s. 16.75 (3m) (a) 4.
- 3. That 5 percent of the total amount expended in each fiscal year is awarded to contractors and subcontractors that are small businesses, as defined in s. 16.75 (3m) (a) 3.
- (b) The department may award any contract to a business under par. (a) that submits a qualified responsible bid that is no more than 5 percent higher than the appraent low bid.

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- 1 (c) Upon completion of any contract, the contractor shall report to the department any amount of the contract that was subcontracted to a business under par. (a).
 - (d) The department shall maintain and annually publish data on contracts awarded to businesses under par. (a).

SECTION 23. 16.855 (22) of the statutes is amended to read:

16.855 (22) The provisions of this section, except sub. subs. (10L) and (10m), do not apply to construction work for any project that does not require the prior approval of the building commission under s. 13.48 (10) (a) if the project is constructed in accordance with policies and procedures prescribed by the building commission under s. 13.48 (29). If the estimated construction cost of any project is at least \$40,000, and the building commission elects to utilize the procedures prescribed under s. 13.48 (29) to construct the project, the department shall provide adequate public notice of the project and the procedures to be utilized to construct the project on a publicly accessible computer site.

History: 1971 c. 125; 1973 c. 47; 1975 c. 39, 199, 390; 1977 c. 418; 1979 c. 34; 1981 c. 20; 1983 a. 27 ss. 104g to 105, 2202 (1); 1983 a. 390 s. 6; 1985 a. 29; 1985 a. 332 s. 251 (1); 1987 a. 27, 292; 1989 a. 31; 1991 a. 39, 316; 1995 a. 27 ss. 400p, 9126 (19); 1995 a. 227; 1997 a. 27, 306; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 103; 2003 a. 33, 157; 2005 a. 141, 391.

SECTION 24. 560.0345 of the statutes is created to read:

department shall maintain a Web site that as sists the department of administration and any agency making purchases under s. 16.74 comply with the requirements of s. 16.75 (3m) (b). The Web site shall include all of the following:

(1) An up-to-date listing of veteran-owned businesses, as defined under s. 16.75 (3m) (a) 2., the locations of such businesses, and the products and services the businesses offers.

1	(2) An up-to-date listing of woman-owned businesses, as defined under s.
(2)	16.75 (3m) (a) 4., the locations of such businesses, and the products and services the
3	businesses offers. The department may use the same Web site to comply with the
4	requirement in this subsection and the Internet-listing requirement under s.
5	560.035 (1) (b).
6	(3) An up-to-date listing of minority businesses, as defined under 16.75 (3m)
7	(a) 1m., the locations of such businesses, and the products and services the
(8)	businesses offers Keer
9	(4) An up-to-date listing of small businesses, as defined under s. 16.75 (3m)
10	(a) 3., the locations of such businesses, and the products and services the businesses
in	offers. Keep
12	SECTION 25. 560.035 (1) (b) of the statutes is amended to read:
13	560.035 (1) (b) The department shall implement a program for the certification
14	of woman-owned businesses. The department shall compile and periodically update
15	a list of businesses certified under this section and shall make the list available to
16	the public on the Internet. The department may use the same Web site to comply
17	with the requirement in this paragraph and with the requirement in s. $560.0345(2)$.
Histo	ry: 1991 a. 39; 1999 a. 185; 2005 a. 358. SECTION 26. Initial applicability.
	(3) V V
19)	(1) The treatment of section 16.75 (4) (c) and (d) and 16.855 (10) (L) of the
20	statutes, the renumbering and amendment of section 16.75 (3m) (b) of the statutes,
21	and the creation of section 16.75 (3m) (b) 2. and 3. of the statutes first applies to
22	respect to contracts entered into and orders placed on the effective date of this
$\overset{\smile}{23}$	subsection.

SECTION 27. Effective date.

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(1) This act takes effect on the first day of the 6th month beginning after publication.

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(END)

D-Note

Insect 8-8

(b) The department shall seek the cooperation and assistance of the department of commerce in the performance of its duties under par. (a)

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-3378/pdn, CMH:...



Matt:

Please note that I made this draft a preliminary draft as we discussed because you may want to make changes after you review it. As such, it will have to be redrafted to be introducible.

Please see the embedded notes in the draft.

I delayed the effective date of the draft to provide time for implementation; is that OK?

Cathlene Hanaman Legislative Attorney Phone: (608) 267-9810

E-mail: cathlene.hanaman@legis.wisconsin.gov

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-3378/P1dn CMH:kjf:nwn

November 16, 2007

Matt:

Please note that I made this draft a preliminary draft as we discussed because you may want to make changes after you review it. As such, it will have to be redrafted to be introducible.

Please see the embedded notes in the draft.

I delayed the effective date of the draft to provide time for implementation; is that OK?

Cathlene Hanaman Legislative Attorney Phone: (608) 267-9810

E-mail: cathlene.hanaman@legis.wisconsin.gov

Hanaman, Cathlene

From:

Seaholm, Matthew

Sent:

Thursday, December 06, 2007 3:01 PM

To: Subject: Hanaman, Cathlene Changes to LRB 3378

Hi Cathlene,

Here are a few changes to LRB 3378:

(1) Just to clean up confusion over the percentages of the set-asides let's just require the following numbers for each group:

25% for small businesses

5% for Veteran-owned

5% for minority-owned

5% for women-owned

The intention would be that the state could use a small or large business that is owned by Veteran, minority, or woman to count toward the 5% goal. But they could obviously only use small businesses to count toward the 25% goal.

2) On page 3 line 1, change may to shall We want to require DOA to do this.

On page 3 line 4, change \$1.5 million to \$2.5 or fewer than 25 employees (like on page 8, definition of small business)

On page 8 line 14, change \$5 to \$2.5 million

(4) On page 4 lines 19 and 20, change 10 percent to 5 percent to make consistent with page 4 line 5 and 6 ND - ok d via

supposed to be contacts 5) On page 5 lines 15 and 17 just a typo "contacts" rather than "contracts"

6) On page 6...we are wondering if we should use the current language for minority-owned businesses pg 6 lines 7-12 for veteran, women, and small businesses as well....not important on our end, only a suggestion.

On page 6, line 21 and page 7 line 3 (and any other places you feel necessary) insert "directly" after "paid"

8) On page 8 line 19...I don't think we want to define of veteran-owned business as a small business (unless they are currently defined that way by DVA or in statute)

9) Wherever you think it best fits. "The Council shall promote purchasing within local communities."

We are not married to this wording, so feel free to change it, but we'd like for the council to also promote the "buy local" idea.

The following are things that were in the original packet that I sent over and we're not sure whether some of this stuff is in the bill or if needed. I typed out each part so you can copy and paste when possible.

10) In page 9 after line 19 add: (this was on page three of original packet)

Evaluation of vendor payment system as it relates to the Prompt Payment Act and subcontracts

Evaluation of the impact of VendorNet on competitive bidding of state contracts

11) Insert the following where applicable:

Require agencies to include in prime contract solicitations of more than \$100,000 an evaluation factor that would measure a prospective bidders past and planned utilization of small, minority, veteran and woman-owned firms as subcontractors.

12) On page 3 of the original packet (I know some of this is in there, but if you want to use this as a checklist just so we don't miss anything)

Amend 16.75 (4) (a): the department shall encourage the participation of small, minority, women and veteranowned businesses in the statewide purchasing program by ensuring there are no undue impediments to such participation and by actively encouraging small, minority, women and veteran-owned businesses to play an active role in the solicitation of purchasing business by agencies. To that end the department shall:

- 1. Maintain comprehensive lists of small, minority, women and veteran-owned businesses located in this state which have indicated a willingness to provide materials, supplies, equipment or contractual services to the state.
- 2. Develop ways of simplifying specifications and terms so that they will not impose administrative burdens on small, minority, women and veteran-owned businesses located in this state which submit bids or proposals in the state)
- 3. Assist small, Minority, women and veteran-owned businesses located in this state in complying with the state's competitive bidding and competitive proposal procedures.
- 4. Notify businesses on the lists maintained under subd. 1 of agency purchasing requests for which the businesses may wish to submit a bid or proposal.
- 5. By October 1 of each year, submit a report to the council on small, minority, women, and veteran-owned business opportunities which evaluates the performance of small businesses located in this state in submitting buds or proposals to the state and makes recommendations for increased involvement of such businesses in submitting competitive bids and proposals under this section.

I think that is all. If you want to keep this a preliminary draft and send me a copy we will look it over and get back to you as quick as we can. Let me know if you have any questions or comments.

Thanks.

Matt

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